

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

March 29, 2007

**Aldermen Pinard, Thibault,
Smith, DeVries, Long**

5:00 PM

**Aldermanic Chambers
City Hall (3rd Floor)**

Chairman Pinard called the meeting to order.

The Clerk called the roll.

Present: Aldermen Pinard, Smith, DeVries (arrived late), Long

Absent: Alderman Thibault

Messrs.: Jennie Angell, Guy Beloin, Kim LeBlanc, Deputy Chief Simmons,
Kevin Sheppard, Randy Sherman

Chairman Pinard addressed item 3 of the agenda:

3. Communication from Guy Beloin, Financial Analyst II, submitting the City's Monthly Financial Statements (unaudited) for the eight months ended February 28, 2007.

Alderman Smith moved for discussion. Alderman Long duly seconded the motion. There being none opposed, the motion carried.

Mr. Guy Beloin, Financial Analyst II, stated what I have here is the usual monthly report that I submit. Nothing much has changed since last month we still have some variances that we highlight and again we should have 33% left in the budget and that's pretty much where the expenditures are at this point. Some of the differences that we have are in the Information Systems Department and that's the reason why it looks like they may be a little over budget is because they purchase equipment and install it and then they charge other departments for it and that hasn't been updated. They've also fully encumbered a service agreement as well as telephone obligations and the same goes for Building Maintenance...they did encumber their whole contract for the cleaning services up front for \$4 million. The Elderly Services has also fully encumbered the telephone, postage and utilities and they might also be a little short at the end of the year in salaries too...we're

thinking maybe \$20,000. Moving on to the revenues...the permits line item is \$1.7 million less than it was last year and this is due mostly to the Traffic Department transferring the revenues over to Parking enterprise. This is pretty much all that I have at this point unless you have any questions.

Alderman Long asked was it Elderly Services that you said looks like they're going to be \$20,000 short on the wages?

Mr. Beloin replied it looks like they will be.

Alderman Long stated also on MEDO...the 29.93%...does that look like it's going to come up short?

Mr. Beloin replied I think MEDO should be in good shape because they have about 30% left in the budget...page 2 is last year. For this year they do have 54% left in their budget.

Alderman Smith in reference to the revenue shortfalls asked do you think it might have been because it was anticipated in the budget...some of these programs and they weren't initiated until the fall say like central purchasing and so forth like that.

Mr. Beloin replied no...the central purchasing if you look at the first page that was taken out of the budgeted revenues...the budgeted revenues were decreased by \$2.7 million so that has already been factored into the budget.

Alderman Smith moved to accept the monthly financial statements as presented. Alderman Long duly seconded the motion. There being none opposed, the motion carried.

Chairman Pinard addressed item 4 of the agenda:

4. Communication from Sharon Wickens, Financial Analyst II, submitting Finance Department reports as follows:
 - a) department legend;
 - b) open invoice report over 90 days by fund;
 - c) open invoice report all invoices for interdepartmental billings only;
 - d) open invoice report all invoices due from the School Department only;

- e) listing of invoices submitted to City Solicitor for Legal Determination; and
- f) accounts receivable summary.

Ms. Kim LeBlanc stated Sharon couldn't attend this evening's meeting so she asked me to fill in and take any questions you had. I actually don't have any comments I was just going to open it up to questions.

Alderman Smith in reference to page 3-4(b) there's a construction outfit over 90 days and owe quite a substantial amount and they're still doing business on a daily basis I can tell you that they were outside my house today and I can't understand why we allow people to continue work when they haven't paid their bills...it's over 90 days.

Ms. LeBlanc asked is it the one right at the bottom?

Alderman Smith replied number 34...right in the middle...I'll give you the name...Park Construction.

Ms. LeBlanc stated there's someone here from the Police Department that can help with some of these questions.

Deputy Chief Simmons stated there are several some of which are currently actively working in the City. We are working in conjunction with the Highway Department because as you know each one of these has to get a permit issued to work in the roadways. There are several here you probably note without actually commenting on who they are...we are going to receive payment on two of the three bigger accounts...one for about \$2,300 and the other for about \$2,600. I anticipate getting that payment by tomorrow. Like I said we work in conjunction with Highway...one particular construction company you apparently referred to on the first page we will address that...that was sent a past due notice back in January. Apparently, we weren't aggressive enough with that but I think we can easily remedy that by the end of this week.

Alderman Smith stated just a follow-up if I may, Mr. Chairman. On 4(b) there's another construction outfit police detail...why I'm saying this is I know that you have funds to cover...the policemen contribute but there seems to be a lot of police extra detail and every time we write off these things they come back either they go out-of-business and come back under another name and this one on 4(b)...

Deputy Chief Simmons stated if you look at the top on the right hand it will give you the actual page number on it.

Alderman Smith stated page 4.

Deputy Chief Simmons stated that company is paying today.

Alderman Smith stated you know why because these people are active, they're doing business with the City of Manchester and I can't see with our requirements for getting a permit and so forth that we can't control their payments to your department.

Deputy Chief Simmons stated totally understand and I would agree with you 100% on that.

Alderman Long asked is there an explanation why they take over 90 days?

Deputy Chief Simmons replied I'm sure at one time or another it was their business practice to hold off to pay some of their bills but we look at it at this point in time and say several of these which you've mentioned are pretty active in the City and there's no reason why we should have to be in the 90 days accounts. So, we're going to work a little more aggressively on that in the future.

Chairman Pinard asked do we have a collection agency in place?

Deputy Chief Simmons replied yes we do. Looking at some of these without actually getting into them...what we do is we go through a procedure obviously, we go through a late date notice, ultimately a lot of these are sent to collection. Several of those listed here are right now are in the collection process through an agency yes.

Chairman Pinard asked does the committee have any comments on this or any ideas of how money could be collected faster?

Alderman Smith replied I think we should restrict the permits. If an agency is behind 90 days or so, they go to another department to get a permit...that department should be notified that they are in arrears with payment from another department. We seem to write these things off and it's \$2,000 here, \$4,000 here and we've got to have some type of control.

Deputy Chief Simmons stated I did have some discussion with Kevin Sheppard over at the Highway Department relative to that. Like I said we've worked very closely on some of the construction firms that work in the roadways and his

suggestion and what we'll probably try to do is get each department on the same page relative to who owes somebody money and stuff so that when certain activities are being performed in the City we can somewhat try to collection some of that.

Chairman Pinard asked did you want to make that into a motion Alderman Smith?

Alderman Smith replied no I think that the Chief can work with the other department heads and resolve the situation. It's money that's coming to the Police Department I think they'd have the initiative to push it.

Chairman Pinard asked do you have idea of what is owed by all these construction companies...do you have an amount?

Deputy Chief Simmons replied by all of these construction companies...I just have the 90-day due ones and probably all together probably total \$7,000 or \$8,000 roughly looking at it.

Alderman DeVries stated I think if we look forward to number 5 there's an itemization of some write-offs there that could number up somewhere in the thirty thousand dollar range, so it is an issue...I don't see too many...actually there is a write off of one of the companies we were just looking at.

Deputy Chief Simmons stated one thing we have done with some of the people that hire officers for details...if they're a business that's been around for some time and they've had a considerable history with us we're certainly apt to bill them like we've done. We've taken a much more serious look at companies that come in that have only come in for a week or a month's project...we certainly look to collecting from them a lot quicker as far as billing goes.

Alderman DeVries stated I don't know if you have it in front of you and maybe Kim could share number 5 on our agenda but the third from the bottom is a company that we were just looking at that I think you noted as due to send a check in tomorrow so I would just bring that to your attention as an add on to that action.

Chairman Pinard stated can I ask you...maybe you can get something together with other departments and approach this Board with it and we can help you out to try and get the money that's owed you on time because you're going into the construction season now. I was talking to Audley today and they're going to get ready to hire police officers today for the start of the Candia Road project next week. So that's the beginning of many, many things that's going to be happening.

Alderman Smith stated I would like to address the matter of Workmen's Comp especially with the Highway Department. They had 16 employees that went out and it totals about \$6,000 and it's the years 2003, 2004 and 2005. Has the situation been corrected now.

Ms. LeBlanc replied I believe most of those are in the hands of the Solicitor's office right now.

Alderman Smith asked are you addressing or is the department addressing...these are overpayments for Workmen's Comp and we found out it's very, very hard to get the money back but I was wondering if the department was doing anything because these are all Highway Department employees which amounts to almost \$6,000?

Ms. LeBlanc stated I know I used to work at the Highway Department so I know the procedure for Workmen's Comp. They do send out invoices just like they would for any other customer that owed the City money and it does go to a collection agency just like any other customer would who went over 90 days and then after that if all efforts are exhausted it goes to Solicitor's. I'm not sure if they have anything else in place in order to collect these funds other than what's normally done for any customer.

Alderman Smith stated the only reason why it doesn't seem to happen in other departments. It doesn't happen in Water Works I know they have people at Parks and Recreation too. It just seems to be the Highway Department and I can't understand why it is.

Ms. LeBlanc stated in my opinion I would think that it might be a little bit having to do with union negotiations and contracts and such and their representatives saying one thing to them and we're saying another.

Alderman Smith stated if someone could look into it I would like to see it resolved because of the simple reason that I was told by the Solicitor that we could go after overpayment but I know that in other departments they do and they do receive the payment from the employee and I know Parks and Recreation and Highway belong to the same union.

Ms. LeBlanc asked did you want to see someone from Highway here maybe at the next meeting that could speak to you?

Alderman Smith replied I think it would be beneficial to see if we can get this resolved.

Ms. LeBlanc stated okay.

Alderman Long in reference to the overpayments asked do they get 1099's or is this considered a wage if it's supposed to be a reimbursement or income and do they get 1099's at the end of the year?

Ms. LeBlanc replied basically and I believe this is what happens when someone goes on Workmen's Comp there's a small timeframe between when they're going to collect from the Workmen's Comp agency so they get paid out of their sick time. In the meantime before that Workmen's Comp kicks in but when they get their first check from Workmen's Comp it goes all the way back to the date of injury so they're actually getting paid for their sick time as well. So, they owe sick time and they owe themselves back really the money and the City the money they have already been paid through Workmen's Comp if that makes any sense at all.

Alderman Long stated yes it does. From what I understand it takes 30 days...the insurance company has 30 days to let you know whether or not they're going to accept the claim and then they have another 30 days I think to decide whether they're going to pay you. So in that process you're giving them sick time while they're waiting for their first check.

Ms. LeBlanc stated yes.

Alderman Long stated then when they get their first check...so you're paying them weekly their sick time...then when they get their first check it goes back say 60 days so they get reimbursed from that so it's not sick time anymore that they receive.

Ms. LeBlanc stated exactly.

Alderman Long stated it may have come out of that fund but it's not sick time anymore so would that be more or less of an income and would they be 1099'd on that? That may be an incentive to get a payback if I'm going to receive and 1099 on that.

Ms. LeBlanc stated I don't know what all of the regulations are I could definitely look into what that would entail.

Alderman Long stated there's no taxes or anything taken out of the sick time correct.

Mr. Randy Sherman, Deputy Finance Officer, stated when they file their injury report they go out and they go out and start collecting sick time. So they are getting paid sick time, we're taking social security, we're taking retirement, we're taking federal taxes as if it was a regular wage. When they get their Worker's Comp check now they have been paid twice for the same period of time. At that point they now owe us back that sick time. Now some of those dollars we can get back from the IRS because we can get back the federal and the FICA and we can make all those adjustments. But what these dollars represent are sick time dollars that employees have been paid that they have also been paid Worker's Comp. So until we get these dollars back it's recorded on their W2. When we get these dollars back their W2's are adjusted. So sometimes it may happen that they got paid these wages in 2006 when we finally get it paid back we would adjust 2007 or 2008 or whatever the time period is.

Alderman Long stated we don't have them sign a lien.

Mr. Sherman stated some departments do. This is actually managed out of the Human Resources Department and I believe and I know when it used to be done out of the Finance Department when we gave them their Worker's Comp check we would make them sign off to the fact that they understand that they may owe us money back. We kind of ran into some problems with the department of labor sometimes because we used to try to net the checks and do some other things to get the dollars back but each individual department deals with their own employees. So I really can't tell you what they say at Highway versus what they say at Police versus Fire but you're right some departments have a much better collection record. They work the receivables a little bit better, they'll negotiate paybacks with the employees and other departments it tends to linger a lot longer.

Alderman Long stated so what this all boils down to is we're paying out of the sick time budget that's not actual sick time.

Mr. Sherman stated you're right.

Alderman DeVries stated in fairness to the departments I would believe that the majority of the departments negotiate some sort of a settlement so that that money is paid back over time. Has that been the experience of Finance that the majority of the overpayments are reimbursed?

Mr. Sherman stated oh no we get the payments other departments though they literally will say here's your Worker's Comp check I'd like the sick time back now and they're just a lot more aggressive in it. And, again, I think as Kim said I think there are some differences in the unions involved and again I think in the workers themselves...professional staff versus laborers and the like.

Alderman DeVries stated follow-up question if I might...in addition to those negotiated settlements I think a lot of it depends on whether there's still a on-going relationship between employer/employee and if the injury was job ending it makes it more difficult to receive that overpayment back. I don't know that might be a useful piece of information when you present that report on Workmen's Comp to let us know if it is an on-going relationship with an employee. It might put it in perspective and save some questions.

Mr. Sherman stated I will tell you too that HR has or does on a weekly basis do some wage assignments if they're back to work they might be withholding \$10.00/week and applying against these receivables.

Alderman DeVries stated those were the negotiated settlements I was referring to that's a payback.

Chairman Pinard asked is there any further discussion on this subject. If not a motion's in order.

Alderman Long stated just one more if I might. I know with us with the ironworkers and that's a union we subsidize...it's not a sick time, it's a disability...we have a disability check and then what we'll do is we will have the worker sign a lien saying that when and if they get accepted with Worker's Comp they will pay that back and they do.

Mr. Sherman stated I know that that form or release does exist I just don't know if HR is requiring it or really can almost force the employee to sign it. But that would be a question more for Ginny or someone in HR unless the Solicitor knows whether they're doing it on all of them or not.

Ms. LeBlanc interjected Kevin Sheppard's here from Highway I don't know if you want to hear from him being that you're asking kind of specifically about some of the Highway employees.

Chairman Pinard requested Mr. Sheppard approach the front.

Mr. Kevin Sheppard, Deputy Public Works Director, stated I'm sorry I walked in late but let me give you a quick synopsis of what we do at the Highway Department on Worker's Comp. From what I understand we realize this became an issue actually a year ago we saw reports saying that employee's weren't paying. We looked into it but we cannot dock the pay of employees for this. We cannot force employees to pay this and that's one of the issues. We've tried to work out payment plans with employees and that has worked but it's something that we continuously work on but again we can't force the employee to pay that back and eventually it may go to collections. We take that all into consideration when we watch employees but there's not much we can do it's somewhat out of our hands.

Alderman Long stated I understand you can't garnish their checks...they have to agree to that but in essence you know they have a Worker's Comp claim.

Mr. Sheppard stated correct.

Alderman Long stated you know they have a Worker's Comp claim in there whether it's going to be accepted or not through the insurance that you don't know so in essence and correct me if I'm wrong the City's doing them a favor saying we're going to give you some sick time because we realize that you're not going to have any funds coming in so we're going to give you some sick pay and when you get your Worker's Comp check we'd like you to pay that back and so I'm all for the worker but I'm certainly not for essentially taking monies that doesn't belong to you.

Mr. Sheppard stated to tell you the truth that was our issue when it first came to our attention. I don't want to say it's like stealing money from the City but we didn't feel it was right and we actually sat down, we had our BSO (Business Service Officer) sit down with everyone of those employees and talked to them about it and try to convince them to pay it back or work out a payment plan and it's something that is on-going with employees but again it's difficult if an employee refuses to do it eventually it may go to collection.

Alderman Long stated from what I'm understanding from Alderman DeVries is that the majority of these employees are no longer working for Highway.

Mr. Sheppard stated I haven't seen the list recently.

Alderman DeVries stated I was asking if we could get that information on whether they still are employees not making a statement that they have left employment for another day it just would be useful to note to have that added onto it. I guess my

follow-up question would be if they have not reimbursed the City is there any way in their annual review that that is reflected there...is that allowed under employee relationships and if not maybe you could get me that answer.

Mr. Sheppard stated sure. I can say all of an employee's performance is part of their annual review and whether that's reflected directly in there I'm not sure and whether we're allowed to do that I'm not 100% sure.

Alderman DeVries stated I'm not sure either.

Alderman Smith stated Kevin say somebody's out for an extended period of time say six months to a year he got into a construction accident or such...he comes back to work and he's supposed to pay back whatever he got in insurance claims is that correct. How do you go about in a case like that where you're talking probably thousands of dollars?

Mr. Sheppard stated to tell you the truth I'm not as familiar with that situation as far as payment for the insurance.

Mr. Sherman asked are you talking about if there's a third party insurer...got hit by somebody else in a car accident or such...that's where our TPA (third party administrator) would actually go after those dollars.

Chairman Pinard asked any further questions from the Committee. If not a motion is in order.

Alderman DeVries moved to accept the various Finance Department reports as presented. Alderman Long duly seconded the motion. There being none opposed, the motion carried.

Chairman Pinard addressed item 5 of the agenda:

5. Communication from Sharon Wickens, Financial Analyst II, submitting a detailed reconciliation of the Police Extra Detail Reserve account.

Chairman Pinard asked didn't we just kind of brief that previously?

Alderman Smith replied yes we did.

Alderman DeVries moved to accept the detailed reconciliation report as presented with the noted adjustment taken off of there...the third from the bottom.

Alderman Smith duly seconded the motion. There being none opposed, the motion carried.

Chairman Pinard addressed item 6 of the agenda:

6. Communication from Jennie Angell, Interim Director of Information Systems, responding to the Finance response of January 23, 2007 relative to the Management Letter from McGladry & Pullen.

Chairman Pinard asked do you wish to hear a presentation?

Alderman Smith replied I've heard one before but if you'd like to talk, Jennie...I'm on Administration too.

Ms. Jennie Angell, Interim Director of Information Systems, stated I just wanted to talk about a couple of things. Bill Sanders and I met and talked about this and what we have done is we're putting together a preliminary plan to try to address some of these interfaces and we've identified one department...Ordinance Violations...I'm working with Dale Robinson...we're going to do that one and see what's involved so we can get a handle on it and report back to this Committee when we get the first one done to let you know how it goes so we can move forward on it...so, that's the plan.

Alderman DeVries moved to accept the communication. Alderman Long duly seconded the motion. There being none opposed, the motion carried.

There being no further business to come before the committee, on motion of Alderman Long, duly seconded by Alderman Smith, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee